



Norrøna Sport AS

Exporting to the British Market

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Abbreviations

BCC	British Chambers of Commerce
EEA	European Economic Area
EFTA	European Free Trade Association
EU	European Union
F&T	Field and Trek
GPB	Great Britain Pounds
R&D	Research and Development
RD&D	Research, Design and Development
S+R	Snow+ Rock
Specialist	Retailers within a specific area
TNF	The North Face
UK	United Kingdom

Executive Summary

This report is conducted in cooperation with the Norwegian company Norrøna Sport AS that produce high quality outdoor clothing. Norrøna is curious about the British market and want to look at the opportunities for expansion.

The purpose of this report has been to evaluate Norrøna's potential distribution channels and find out how to reach their potential customers, and the most appropriate retailers in the market.

Both primary and secondary research has been used to provide necessary information about the market place. Our secondary research was mainly based on Mintel articles and helped get an overview over the market, before starting the primary research. The method we used in primary research was in- depth interviews with the store manager or other personnel with knowledge about the market.

The framework of this report is based on relevant litterateur related to Norrøna's expansion process. Theory is used throughout the report to accomplish completeness.

Finally we sum up with a conclusion, and base our recommendations on the findings in the report.

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Chapter 1- Introduction and Background

As a part of our final year as Norwegian School of Management students at Leeds Metropolitan University, we have to complete a export marketing project looking at a Norwegian company's opportunities for export into the British market. The main object in this thesis is to gather information that must be considered before deciding on expansion.

Our employer is Norrøna Sport AS, they want to explore their opportunities of entering the British market.

1.1 Background of Norrøna

Norrøna was established in 1929, and is a Norwegian family company with traditions and quality products for outdoor use. The headquarters is located in Asker, Norway. With almost eighty years of experience in the industry they have established and developed solutions to their products which help them offer the consumers functional quality products with guarantee on production defects and "Guaranteed to keep dry", Gore-Tex guarantee (Norrøna, 2008).

The current turnover for Norrøna today is around 13 million euro, with 48 employees in four countries (Norrøna Information, 2008).

Norrøna produces clothing, backpacks and accessories for active outdoor enthusiasts. Their products have been used on expeditions to the North Pole, South Pole and Mount Everest. Norrøna has its own team that tests the equipment in different settings, hunting, multisport, mountain climbing, outdoor life and freeride. This is an insurance that the products will be leading in function, design and quality at all times (Norrøna, 2008).

Norrøna is a growing company with international ambitions. The company is already established in Norway, Sweden, Denmark, Germany, Austria, Switzerland, Spain, Andorra, France and Italy, and people from other countries

in Europe have shown interest in their products. Norrøna acts decisively on its ambition to become a European brand and launched their brand at ISPO Winter exhibition 2005 (Norrøna, 2008).

Their products are named after Norwegian places, for instance "Lofoten", "Trollveggen" and "Narvik". Norrøna represent typical Norwegian culture, with their Viking logo (Norrøna, 2008).

Norrøna makes products with the following priority; quality, long lasting and durable products function that work in all expected conditions, and design/production friendliness (Norrøna, 2008).

1.2 Norrøna's Product Range

Norrøna's product range is divided into the following segments (Norrøna, 2008):

- **Outdoor**
- **Mountaineering**
- Casual
- Ski/Snowboard
- Green outdoor

Based on the objective given from Norrøna, outdoor and mountaineering are the segments they would like start exporting to the UK market.

Outdoor

"Amundsen" and "Nansen" are the names of Norrøna's regular outdoor products. The products have a combination of soul and function, which goes hand in hand. And the clothing is inspired by Norwegian traditions (Norrøna, 2008).

Mountaineering

“Trollveggen” and “Falketind” are Norrøna’s products within mountaineering. These products have different functions and specialties, but both are “work wear” for the mountain. Trollveggen is more used ice climbing etc. Falketind is known for having lightweight products within the mountain segment (Norrøna, 2008).

Casual

Norrøna’s “/29” is a statement for a more casual way of living. Adding technical twists such as fabrics, shapes or solutions to everyday garments, the /29 product range is designed to represent the Norrøna- inspired lifestyle (Norrøna, 2008).

Ski/Snowboard

“Narvik” and “Lofoten” are the products within ski and snowboarding. Narvik has technical products for advanced users who want to have fun. Lofoten is designed for the more demanding skiers and snowboarders, and have the top products within freeride, BC and Heliski in all kinds of weather and terrain (Norrøna, 2008).

Green Outdoor

“Finnskogen”, “Forelhagna”, “Dovre” and “Recon” are products with different technical solutions, but they are all products used for hunting (Norrøna, 2008).

This report will focus on the outdoor and mountaineering product lines, because these are the products Norrøna want to start exporting to the UK.

1.3 Norrøna's Vision, Mission and Values

Vision: *"Driven by the passion of nature"*

Mission: *"Make the best product in our way"*

Values: *"Roots, innovation and passion"*

(Norrøna, 2008)

1.4 Problem Formulation

1.4.1 Aims and Objectives

The research objective has been developed in cooperation with Trond Fagerland, Category Manager in Norrøna. Norrøna has given us the task of helping them find out how to establish their products into the British market; different areas within export had to be examined to accomplish this. The project was to find the best ways to export their products within climbing (mountaineering), hiking/rambling and Hill/fell walking. The project group was also assigned to find through which channels they best could reach their potential customers and the most appropriate retailers.

The most effective approach to achieve this was by using primary and secondary research within areas such as market size, customers' activity level, customers' buying habits and different aspects within promotion. Secondary research was also used to see the connection between the findings and the theoretical aspects.

The following problem definition has been formulated for Norrøna to better understand how to expand.

"Through which retailers should Norrøna distribute their products in order to reach their potential customer and gain the right attention in the British market? What entry strategies would be the most efficient?"

Chapter 2 – Methodology

Van Manen (1999, quoted in Creswell & Clark, 2007, p. 4) defines Methodology as the “*framework that relates to the entire process of research*”. The methodology provides the reasons for using a particular research recipe. A methodology refers to a clarified philosophical framework and the fundamental assumptions of research.

In this section the methodology used in this report will be discussed. It will give a briefing about the two main research methods; qualitative research and quantitative research. In the primary research that follows later in the report there has been used qualitative research, and this chapter will therefore have a focus on this area. It will also explain the two different types of collecting data; secondary research and primary research.

The major concern with research like this is the validity. The arguments need to be established for the report to be valid. The data need to measure or characterize what the authors claim, and that the interpretations of the argument follow them (Sapsford & Jupp, 1996).

There are two different categories of research, qualitative and quantitative. Kohler (1994 quoted in Kelly, 1999, p. 21) say that qualitative research can also be called “measurement of words”, while quantitative research can be referred to as “measurement with numbers”.

2.1 Quantitative Research

Quantitative research is used to answer questions about relationships among measured variables with the purpose of explaining, predicting, and controlling the phenomena (Leedy & Ormrod, 2001). For quantitative research the data collected are usually intervals or ratios. When performing quantitative research the sampling methods, data analysis procedures, and interpretation guidelines generally originate from statistics. It is important to know that when doing

quantitative research the results shown in the statistics need to be significant to be valid. A rule when it comes to quantitative research is the amount of research collected, i.e. questionnaires, for a survey to be significant the data must be larger than in qualitative research. Preferably more than 100 samples should be collected (Kelly, 1999).

Anderson, Sweeney, Williams (1996) & Hawkes (1995 quoted in Kelly, 1996, p. 23) say that “quantitative data are classified as mentioned into the interval and ratio categories, this allows the researcher to perform meaningful mathematical functions, such as calculations of a mean”. Creswell (1994 quoted in Kelly 1996, p. 23) say that “typical quantitative data gathering methods are questionnaires or tests”.

2.2 Qualitative Research

Qualitative research is used to answer questions about the complex nature of fact, often with the purpose of describing and understanding the experience from the participants` point of view. Qualitative data are classified into nominal or ordinal categories. This means that the data are categorical – and if there are numbers associated with the data, the numbers do not allow the researcher to perform ordinary arithmetic operations that are meaningful (Leedy & Ormrod, 2001).

Typical qualitative data gathering can be interviews and focus groups. If some or all of the research involves finding out people’s emotions, experience, about customers and the staff in different retailers, qualitative research is the most relevant research method used to capture this information (Wisker, 2001).

Kelly (1999) has developed the following as a general format for conducting qualitative research;

Step 1: Define problem

Step 2: Perform literature review

Provide rationale for study

Develop research questions

Develop initial design of study

Step 3: Choose location, participants, and type of study

Step 4: Systematically collect and verify data

Step 5: Analyze data

Step 6: Answer research questions

Qualitative research provides an excellent way to gather in-depth information about what people think and feel. It can provide insight on the attitudes, beliefs, motives, and behavior of people who are relevant to an issue or the way an organization operates (Macro International, Inc.).

Qualitative methods provide subjective information in a flexible environment, adding a dimension of research not available from other sources.

Questionnaires seek responses to a fixed set of questions, interviews, site visits, and focus groups; they can explore a topic in depth. These methods allow investigators to probe the roots of opinions and the underlying dynamics of situations. Dialogs may take off in unexpected directions that lead to surprising insight. Indeed, qualitative data and “unstructured data” are often treated as synonyms, although unstructured data are also used outside qualitative research (Kelley, 1999, p. 282).

2.3 Data Collection

2.3.1 Primary and Secondary Research

When considering how researchers use documented sources to collect and analyze evidence, one of the most commonly invoked distinctions is between “primary” and “secondary” sources. The primary research answers the questions which were not found during the secondary research. The secondary research goes through research published by others which can be published articles like Mintel. Getting an overview of the market was a part of the secondary research for Norrøna. After this the primary research had to be done (Sapsford & Jupp, 1996).

2.3.1.1 Secondary Research

Secondary research is data that has already been collected, and sometimes also analysed by someone else. The most common forms of secondary data are official statistics that have been collected by governments and government agencies. It can give insight into data that has been analysed. It is valuable and does not cost as much as other types of research. Even though secondary research is a great way of collecting information there are areas that need to be taken into consideration. Areas which can be analysed are when, why, and who wrote it to evaluate how valid it is (Blaxter, Hughes & Tight, 2006). Secondary research may also help to find where to start, or maybe even answer some or all questions. Most research questions are answered by using both secondary and primary research (Saunders, Lewis & Thornhill, 2003).

There are different reasons why secondary research can and should be used. Some of these reasons are; that is it difficult, time – consuming and expensive to collect the primary research. Secondary research helps getting as much information needed. It is better to use secondary research for the information you need instead of using resources to collect primary information if available. The secondary research may also help understand or complement the primary research. It can help the focus to be towards interpretation and analysis. It is also said that the primary research cannot be done without including secondary as well; it is not possible to isolate what has already been done. Secondary research is also used to make sure that important information has not fallen out

during the research (Blaxter, Hughes & Tight, 2006). Saunders, Lewis & Thornhill (2003) divide secondary research into three groups; *documentary data*, *survey-based data*, and research which has been compiled from *multiple sources*.

Documentary secondary data include written documents such as notices, correspondence, minutes of meetings, reports to shareholders, diaries, transcripts of speeches and administrative and public records. Written documents can also include books, journals and magazines and articles and newspapers. Documentary secondary research may also include non – written documents such as tape and video recordings, pictures, drawings, films and television programmes, digital disks.

Survey – based secondary research is usually data which is collected by questionnaires that have already been analysed.

Multiple – source secondary data can be based entirely on documentary or on survey data, or there can be a connection between those two. One of the common types of multiple – source data which is normal to come across in document form is various compilations of company information such as *Europe's 15 000 Largest Companies*

The secondary research has been mostly based on articles published by Mintel.

Results and findings from the secondary research will be shown in chapter 4.

2.3.1.2 Primary Research

"Primary data is new data gathered to help solve the problem at hand"
(McDaniel & Gates, 1998, p. 69).

The primary research done in this report is based on depth interviews; we interviewed the store manager in different outdoor retailers. The retailers we visited were selected through the findings from secondary research. We based our primary research on the different outdoor retailers we found interesting during the secondary research within climbing and outdoor activities, and emphasized the retailers' internet site as well as the general impression from the articles published on Mintel (McDaniel & Gates, 1998).

Primary data collection is necessary when a researcher cannot find the data needed in secondary sources. There are several methods for collecting primary data; observation, focus groups, personal interviews (depth interviews), telephone interviews and self – administrative such as mail and Internet (McDaniel & Gates, 1998). We chose to use Personal Interviews, with the store managers and/or personnel with good competence within the area of mountaineering- and outdoor- clothing. The findings of this primary research will be discussed and elaborated later in this report.

2.3.1.2.1 Depth Interviews

Interviews can give the opportunity to meet the subject of research. In Norrøna's case, this was significant since the subject being interviewed could be the manager of the retailer or retail chain that would be ideal for Norrøna to establish themselves on the British market. The subject interviewed can provide both the detailed information that was set out to collect, in addition to other information that can be just as relevant for the research. This type of primary research is time-consuming and can give a number of various different answers. It is therefore important to tape the interviews so that nothing of relevance to the research is lost (Wisker, 2001).

Depth interviews are similar to group discussions, but usually only one person (sometimes two) is interviewed at a time. The format remains unstructured, the interview is generally conducted by a researcher, and projective techniques may also be used. Depth interviews are also the best method for advertising pre-testing, where we are seeking individual interpretations and responses. The chosen method is considered to be the best method to effectively help Norrøna find their way into the British market (Synovate).

There are different types of interviews; Interviews can be highly formalized and structured, using standardized questions for each respondent, or they may be informal and unstructured conversations. The different types are: structured interviews, semi- structured interviews and unstructured interviews. Semi-structured and in-depth, or non-standardized, interviews are used in qualitative research in order to conduct discussions, not only to reveal and understand the “what” and the “how” but also to place more emphasis on exploring the “why”.

In our primary research we used semi-structured and in-depth interviews, which also provide the opportunity to probe answers, what the interviewers need to explain, or build on their responses. The chosen method is considered to be the best method to effectively help Norrøna find their method into the British market. When visiting the stores and interviewing the personnel we gain knowledge about the market, consumers and what the store stocked (Saunders, Lewis & Thornhill, 2003).

We have found that managers are more likely to agree to be interviewed rather than complete a questionnaire, especially where the interview topic is seen to be interesting and relevant to their current work. An interview provides them with an opportunity to reflect on events without needing to write anything down; an interview will undoubtedly be the most beneficial approach to attempt to obtain data in the mentioned circumstances (Saunders, Lewis, Thornhill, 2003). We chose in depth interviews because of the complexity of the questions and the number of questions needed to be asked, and it is positive to be able to ask follow – up questions. We selected several outdoor stores and chains all over the UK and visited them personally, and interviewed the store managers or some of the personnel whom the manager thought had the most knowledge about mountaineering and outdoor clothing, so we could get as much information as possible.

When visiting the stores and interviewing the personnel we gained knowledge about the market, consumers and their product range, this resulted in interesting data used in the report.

2.4 Conclusion of Methodology

To sum up the quantitative research they often use questionnaires or test where as qualitative research often involves interviews and personal observation. There are two different ways of collecting data; secondary and primary research. Secondary research is research done by others, often already analysed questionnaires, published articles and other information. Doing the primary research we used in- depth interviews to find out more about the customers, the retailers as well as the market that Norrøna would be interacting in. The research was conducted in a way that the retail managers were contacted a few

days in advance before our visit. This way we could observe the retailer ourselves. From the research we can give Norrøna a recommendation about different retails that would be appropriate. We can give them information about the consumers of the different retailers as well as the trends and advertising point of view that is crucial for Norrøna to succeed in the UK and the British market. All of the findings of the research will follow later.

Chapter 3 - Literature Review

To answer the aims in the thesis we found these theories applicable;

3.1 Porter's Five Forces

This model was created by Michael E. Porter in the belief that the industry was being influenced by five forces (Appendix 1), the various five forces include the suppliers and their bargain power, the buyers and their bargain power, the substitutes and the threat of substitute products, the potential entrants, and the threat of new entrants and rivalry among existing companies (Porter, 1980). The strength of these five forces varies from industry to industry, and changes as the industry evolves.

Porter's five forces is a simple but powerful tool for understanding where power lies in a business situation. It is useful because it helps understand both the strength of the current competitive position, as well as the strength of a position that the company is considering moving into. It is also much easier to point out the company's internal weaknesses and improve them (Porter, 1980). The five forces determine industry profitability because they influence the prices, costs, and require investments of companies in an industry- the elements of investments of the return on investments. The goal of competitive strategy for a business unit is to find a position in the industry where the company can best defend itself against these competitive forces or can influence them in its favor. The five forces will be discussed under the following section.

3.1.1 Industry Competitors

A segment is unattractive if it contains numerous, strong, or aggressive competitors. It is even more unattractive if it is unstable or declining, if plant capacity additions are done in large increments, if the fixed costs are high, if exit barriers are high, or if competitors have high stakes in staying in the segment. These conditions will lead to frequent price wars, advertising battles,

and new- product introductions, and will make it expensive to compete (Kotler & Keller, 2006).

3.1.2 Potential Entrants

Kotler & Keller (2006) states that segment's attractiveness varies with the height of its entry and exit barriers. The most attractive segment is one in which entry barriers are high and exit barriers are low. Few new companies can enter the industry, and poor- performing companies can easily exit. When both entry and exit strategies are high, profit potential is high, the companies face more risk because poorer- performing companies stay in and fight it out. When both entry and exit strategies are low, companies can easily enter and leave the industry and the returns are stable and low. The worst case is when entry barriers are low and exit barriers are high.

3.1.3 Substitutes

A segment is unattractive when there are actual or potential substitutes for the product. Substitutes place a limit on prices and on profits. The company has to monitor price trends closely. If technology advances or competition increases in these substitute industries, prices and profits in the segment are likely to fall (Kotler & Keller, 2006).

3.1.4 Buyers

Kotler & Keller (2006) claim that the segments are unattractive if the buyers possess strong or growing bargaining power. A buyer's bargaining power grows when they become more concentrated or organised, when the product represents a significant fraction of the buyer's costs, when the products is undifferentiated, when the buyer's switching costs are low, when buyers are price sensitive because of low profit, or when buyers can integrate upstream. To protect themselves, sellers might select buyers who have the least power to negotiate or switch suppliers. A better defence consists of developing superior offers that strong buyers cannot refuse.

3.1.5 Suppliers

Kotler & Keller (2006) describe a segment as unattractive if the company's suppliers are able to raise prices or reduce quantity supplied. Suppliers tend to be powerful when they are concentrated or organized, when there are few substitutes, when the supplied product is an important input, when the costs of switching suppliers are high, and when suppliers can integrate downstream. The best defenses are to build a "win- win" relation with suppliers or use multiple supply sources.

3.2 *The Buying Decision Process*

Kotler & Keller (2006) emphasize that this process plays an important role in understanding how consumers make their purchase/buying decision. The five stages in the Buying decision process are: *problem recognition, information search, evaluation of alternatives, purchase decision and post purchase behaviour*. The buying process starts long before the actual purchase, and has consequences afterwards. But there are different types of purchase as well. The decision process a consumer goes through when buying a Norrøna product is more advanced than buying toothpaste.

The basic psychological processes play an important role in understanding how consumers actually make their buying decisions. Even though there are five steps in the model, the consumers do not always pass through all five steps and they can still decide not to purchase at all stages based on hesitation, uncertainty or reconsideration (Kotler and Keller, 2006).

The steps will now be discussed.

3.2.1 Problem Recognition

The process starts when the buyer recognizes a problem or need. There may be external or internal stimuli; internal stimulus is one of the normal personal needs; hunger, thirst etc; or a need can be provoked by an external stimulus e.g. advertising or friends (Kotler & Keller, 2006).

3.2.2 Information Search

According to Kotler and Keller (2006) the information sources fall into four groups:

- Personal: family, friends, neighbors, acquaintances
- Commercial: Advertising Web sites, sales persons, dealers, packaging, displays
- Public: Mass media, consumer rating organizations
- Experiential: Handling, examining, using the product

Internet has changed the process of information search; many people seek information about or buy products online. This underlines the importance of being presented both online and offline (Kotler & Keller, 2006).

Appendix 2 shows the total set of brands available to the consumer on the British market. The consumers make a final choice from this set.

3.2.3 Evaluation of Alternatives

Consumer sees each product with its many attributes but varying capabilities for delivering the benefits to satisfy their needs. Attributes of interest to buyers vary by products (Kotler & Keller, 2006).

3.2.4 Purchase Decisions

Kotler & Keller (2006) state that; consumers form preferences among the brands which are favourable compared to others. Purchase of everyday products involves fewer decisions and less reflection.

3.2.5 Post Purchase Behaviour

Post purchase behaviour involves dissonance, where the consumer might experience uncertainty about the purchase, if this should happen, the brand has to support the consumers and make them feel confident about their purchase. This often occurs through advertisement etc. It is important for the brand image and reputation to prevent post purchase behaviour (Kotler & Keller, 2006).

3.3 The Buygrid Model

The Buygrid model is based on empirical observations of buyer behaviour for companies. Decisions are thought to vary on two dimensions: the first dimension is based on the decision (or buy – phase), and second dimension is based on the nature of the decision itself (the buy – class) (Baker, 2003).

The Buygrid model in stages:

- Stage 1:** Recognize a problem or a need.
- Stage 2:** Determine the general characteristics and the required quantity.
- Stage 3:** Identify suppliers, often through trade depreciations, other companies, trade advertisements and trade shows.

Put product, prices and other information on to the internet.
- Stage 4:** Invite qualified suppliers to submit proposals.
- Stage 5:** Invite a few suppliers to make a formal presentation.
- Stage 6:** Companies specify supplier attributes and indicate their importance.
- Stage 7:** Negotiation of the final contract/order.
- Stage 8:** Performance review (Kotler & Keller, 2006).

The performance review may lead to continued- , modifying- , or ending of - the supplier relationship (Kotler & Keller, 2006). The Buygrid model has been discussed by many authors. Ferguson (1979, quoted in Baker, 2003) found that the Buygrid model only had a limited capacity to predict outcomes when he applied it to examples of decision making. In most situations he observed that the proposed systematic decision process was often “short circuited”.

Robinson et al (1967) & Doyle et al (1979, quoted in Bois, 2000) highlight the relevance of the buy-class in predicting:

- The time invested in the organization buying behaviour process (ranging from long for a new task, to short for a straight re-buy).
- The size of the buying centre (ranging from large for a new task, to short for a straight re-buy).
- The role of purchasing agent in initiating the need to buy (ranging from small for a new task, to major in straight re-buy).

This positive conclusion is not always corroborated by practical examples. A study by Bellizzi & McVey (1983, quoted in Bois, 2000) found that it might be a relationship between buy-class and the amount of information wanted from a buyer, as well as the number of alternatives a buyer will consider when making this purchase decision. They conclude that the product type is a better predictor of organisational buyer behaviour than the buy-class. They observed that the influence of top managers' increases as the product purchased changes from inexpensive operating suppliers to expensive capital goods.

3.4 Branding

3.4.1 Essence

The core of the brand is brand essence, positioning and values. It should for that reason constantly be in the back of employees' minds, ensuring that the brand is taken in the intended direction (Macrae, 2007). Brand essence is also explained as "Brand DNA", which is the most important aspect for the consumers and the company (Keller, 2007). Brand essence can also be called "Image Ownership" (Elliott & Percy, 2007).

3.4.2 Image

Brand image is usually made through marketing communication. A brand is defined through the distinguishing attributes, rational benefits, emotional rewards, values and personality traits (de Chernatony, 2006). This is connected with how the consumers understand the signals from the products, services and also the marketing communication (Kapferer, 2004).

3.4.3 Identity

Brand identities can gain their independence over time, even though they start out with just one product. Identity has a connection with image which may include unique authority, precise values and benefits. Identity is a part of the positioning; the more unique the brand identity, the more likely the customers will recognize the brand (Kapferer, 2004).

3.4.4 Value

Brand value is defined as “*an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence*” (de Chernatony 2006, p.114). Identifying the core value for a brand, will enable an organization to be very clear about why it is different. Having few clear values will provide guidelines about how to develop a brand which will benefit the customers (de Chernatony, 2006).

3.4.5 Vision

The vision defines what the brand’s role is and the management’s goals for the company (Elliott, Percy, 2007). Vision is the first area managers’ work on when developing a brand. Powerful brand visions link three areas together: the future environment the brand aims to bring about, the purpose of the brand, which considers how the brand will make its environment a better place, and the values that will characterize the brand and enable it to satisfy (de Chernatony, 2006).

A good brand vision encourages managers, staff and consumers towards better things. An example of this is Nike’s consumer advertising which said that “You didn’t win silver, you lost gold” (de Chernatony, 2006, p. 44).

3.4.6 Strength

Strong brand names are seen as one of the company’s most important assets for the company’s financial success. Even though some brands are not doing well financially, there could be attractive mergers or acquisition targets if the brand is strong (Elliott & Percy, 2007).

Well – known brands are likely to have a good distribution which will help the company maintain a high market share. Wholesalers and distributors are willing to associate with a strong brand because they know it will sell. With a high degree of brand loyalty companies can expect their sales to remain stable and strong over a long period of time. Strong brands may discourage new competitors from entering the market (Elliott & Percy, 2007).

3.4.7 Positioning

Positioning makes the customers associate a brand with a particular benefit (de Chernatony, 2006). Positioning is the first step in developing advertising when establishing a brand (Elliott & Percy, 2007). It helps the brand fight through the “noise” in the market, and makes it possible for the brand to occupy a meaningful and valuable place in the customers’ minds (de Chernatony, 2006). Today’s global business climate is making it difficult to differentiate from the competitors’ since the products are almost the same in features (de Chernatony & McDonald, 2003). The positioning is a success if the marketing affects the brand attitude positively (Elliott & Percy, 2007). Both essence and values are important for the positioning (Kapferer, 2004).

3.4.8 Advertisement

Advertising provides the essential to successfully building the brand identity, as the consumer is involved in giving meaning to the brand. By adding symbolic values and personality traits, the brand achieves a position in the mind of the consumer, because of their combined interpretation of the physical and symbolic values presented in the advertisement (Meenaghan, 1995).

3.4.9 Awareness

Brand awareness is essential for all brands but especially for new brands. If people are not aware of the brand the chance for the customers trying the product are limited. Disappointing sales do not necessarily mean that the company needs to give up; if most of the target market is aware of the brand and the company has tried then the answer is yes. If the brand awareness is low this suggests that something is wrong with either the advertisement itself or the

media timetable. If the sales are still underperforming after changes the company should pull the brand from the market (Elliott & Percy, 2007).

3.4.10 Internet

Selling on the web requires many of the same activities and components needed to conduct business in the offline world. It is vital for a company to think about bandwidth to accommodate a large amount of on-line buyers at peak season. When selling products on –line the layout and presentation is essential, especially when attracting new customers (Rayport & Jaworski, 2004).

3.4.11 Logo

Organisations register their logos as a trademark and display these in their brand advertisement. The logo is often harmonized with the nature of the brand. By developing a logo which is descriptive towards the brand or focused on its appearances, the consumers can be informed about the brand attributes. Subsequent promotional work will reinforce the recognition and the association of the brand logo (de Chernatony, 2006).

3.4.12 Celebrity Endorsement

Celebrity endorsers work as a source for the brand's personality (de Chernatony & McDonald, 2003). The celebrity's personality traits have to 'fit' the brand's personality traits (de Chernatony, 2006). They are used as a short – cut to give the company's brand loyalty, and word of mouth. The most important reason why celebrity endorsement is used is higher brand awareness. When the company chooses whether to use celebrity endorsement they need to evaluate the costs compared with the income and also the risk of bad publicity if choosing the wrong celebrity (Elliott & Percy, 2007).

Chapter 4 – Secondary research

Secondary research is oriented toward the customers' buying habits, activity level within the outdoor activities, the most successful brands and retailers, trends in the market within walking, hiking/rambling and climbing (mountaineering), Internet shopping and also research related to advertising and promotion.

4.1 Consumers Participation in Outdoor Activities

Research tells us that Brits who have participated in some degree of hiking/rambling the past three years enjoy the pleasant surroundings and feel more relaxed, as they felt this is a good social activity. The most common advantages were fitness benefits and attractive scenery. Only a quarter of the adults who had participated bought specialist kit, the rest thought that buying new gear would be too expensive (Mintel B, 2006).

Consumers who like the sense of freedom, and what the outdoor activities can offer, have the most positive attitudes towards hiking, rambling, and hill/fell walking. These consumers are most likely to buy specialist and more expensive equipment when participating in these sports (Mintel B, 2006)

Research also shows that the consumers, who have participated in outdoor sports in the last three years, agree that many activities like these are expensive. But it is an interesting reminder that the most popular outdoor sports have a higher than average response rate to the statement "I only participate in fine weather" (Mintel B, 2006).

4.2 Consumers' Activity Level

Participation in outdoor activities has grown from 1,902 million to 2,926 million from 2002 – 2006. The activity is defined as walking two miles or

more for the purpose of recreation. Sports activities which have had a major growth since 2002 have been the number of people regularly participating in **walking**, football and running. One of the reasons why there has been a growth is because it is convenient and easy to take part in these activities; they do not need access to any facilities nor need expensive equipment. Overall the participation in these activities has had little impact on the direct expenditure. **Hiking/rambling** is also normal in situations where people may travel from city to countryside, which does not make it an everyday activity. Research shows that in hiking/rambling there is a slightly higher male participation. Patterns show they are mostly over 45 years old; only 10% are aged below 25 years (Mintel, 2007).

A sports activity such as **climbing** is challenging and adventurous, which appeals to younger customers. Walking and other non – competitive, less demanding activities appeal to older age groups. It has been shown that hiking/rambling has been the most popular activity with 17% and **mountaineering** with 4%. This might be because of the influence from school, college, scouting and outward bound schemes promote involvement. Another reason might be because of the fashionable status it gained the last few years. The research showed that when they leave their teens they change their habits. Maintaining interest is a key challenge for the sporting world, since interest recovers when consumers reach their late 40s and 50s (Mintel B, 2006).

Scotland is the place where people would be most likely not to take part in hiking/rambling, even though Scotland is home to some of the magnificent and extensive outdoor scenery in the UK, as well as a well-developed network of paths and trails. One explanation could be that although this area has large amount of open countryside, this countryside is comparatively remote, and access is an important determinant of participation (Mintel B, 2006).

Climbing appears to show similar geographical patterns to those observed for hiking/rambling and hill/fell walking, which means that the highest proportions of climbers are not necessarily found around UK's most mountainous regions. Scotland and Wales have the country's highest peaks, but show some of the lowest participation rates. Some of the reasons why this, could be that there is

probably a degree of crossover between hikers and climbers, particularly as the sports tend to utilise similar outdoor environments. Also, the increase in the number of climbing walls over the past few years, both indoors and outdoors, means that participants do not necessarily have to rely on specific geographical locations to take part in the activities. (Mintel B, 2006).

4.3 Consumers' Commercial Habits Connected with Activity Level

Broadsheet newspapers are the best for advertising climbing gear. This attracts attention of the right audience more easily and more efficiently. A negative correlation has been shown between participation and commercial television viewing. The fewer hours consumers watch, the more they are likely to be participants in these activities (Mintel B, 2006).

4.4 Successful Outdoor chains and Independent retailer Specialists

Cotswold: In 2006, this chain had 21 stores in the UK; Cotswold also operates a transactional (Internet sale) website where they have a wide range of branded products. They sell a wide variety of clothing, footwear and equipment for camping, hiking, climbing and travel, including waterproof jackets, base layers, casual clothing and footwear. They have a product range that includes brands such as; Arc'Teryx, TNF, Berghaus, Helly Hansen, Salomon, Lowe Alpine and Merrell (Mintel A, 2006).

Ellis Brigham: In 2006 they had 16 stores and in addition they operated two branded stores for TNF. The chain sells clothing, footwear and equipment aimed at snow sports, mountaineering, trekking and travel. Among several other unknown products they mainly sell Berghaus, Mountain Equipment, TNF, Salomon, Merrell, Arc'Teryx, Mountain Hardwear and Patagonia. Ellis Brigham owns two catalogues: *Mountain, Trek and Travel* and *White Block 20*. The company has an extremely active in-store event and promotional programme, with activities from lectures given by extreme athletes to

sponsoring The Rat Face Urban Adventure Series. The run “tests days” to allow customers to try out different types of equipment and clothing (Mintel A, 2006).

F & T: The company family owned and in 2006 they had 11 retailers across England. By not having too many stores they have been able to focus more time on home shopping, and continue to develop their internet business. Through their retail, mail order and transactional website they offer outdoor clothing and equipment from leading brands such as Berghaus, TNF, Craghoppers, Merrell, Mountain Equipment, Haglofs and Salomon (Mintel A, 2006).

S+R: In addition to their stores they have a nationwide mail order business. S+R offers clothing, footwear and equipment for men, women and children across a wide range of specialist areas, including skiing, snowboarding, hiking, camping, climbing and running. They have different brands such as Arc’Teryx, TNF, Mountain Hardware, Mountain Equipment, Direct Alpine, Marmot and Patagonia. They promote themselves as a destination for exclusive brand introductions to the UK, for instance a Swiss snowboarding brand Zimstern and Direct Alpine. In addition they offer in-store seminars by mountaineering experts for customers as well as being visible at exhibitions and arranging different events (Mintel A, 2006).

Blacks: Blacks are a large chain with over 400 retailers nationwide. Blacks are now the country's leading outdoor retailer, this is a plus, but can also be a sign that they are too mainstream for Norrøna products (Mintel, 2005). Blacks has faced deflation in the outdoor market and increasing competition from smaller niche specialists. But the future for outdoor activities looks positive with higher participation rates and demographics are also moving in favour (Mintel A, 2006).

Tiso: They have managed to become one of the major retailers of the Scottish Market. Today they have about ten stores in Scotland, two in Northern Ireland and one in London, England. Tiso offers products in seven category lines; climbing, walking, camping, skiing, travelling, water sports and adventure running. They also run mountain safety training courses for their customers as

well as lectures held by climbing, exploration and adventure experts (Mintel B, 2006).

4.5 Retailers' Summary

Outdoor retailers attract similar numbers of men and women. Most of the leading outdoor brands have done a lot to develop female-only ranges of clothing, footwear and equipment in the last decade, which has encouraged more women to visit these stores frequently for their outdoor purchases. Moreover, rambling or hiking is an activity that both genders enjoy in equal measure. Unsurprisingly, people who shop at outdoor specialists are four times as likely to be hikers/ramblers. Research showed the following of leading sports retailers within the outdoor clothing market, placed in the correct order according to revenue: Blacks, S&R, Cotswold, Tiso, Ellis Brigham and finally F&T (Appendix 3) (Mintel, 2005).

4.6 Successful Brands

The interest in designer labels is highly popular with British consumers as leisure and fashion wear (Mintel B, 2006). In the outdoor market TNF and Merrell are both successful because of their products' crossover appeal into the lifestyle and fashion markets. But the most significant development in the market has probably been TNF. Over the last 10 to 15 years there has been a huge level of growth. This growth would usually stop at one point, but they are still growing. TNF has managed to gain and keep their credibility with the general consumer. This credibility is partly because the marketing has been successful (Mintel A, 2006). Other important brands in the outdoor clothing market are; Berghaus, Helly Hansen, Lowe Alpine, Mountain equipment, Peter Storm, Regatta, Columbia and Rohan (Mintel B, 2006). Mountain Hardwear, which is a brand within the Columbia Sportswear company, is also a successful brand within mountaineering (Datamonitor, 2008).

4.7 Internet Shopping an Important Part of Sales

According to the buying decision process stage two (information search) consumers in the British outdoor market are hybrid consumers, who shop both online and offline. It is important that Norrøna is observant when operate in the British market. Internet shopping has been relatively slow to arrive in fashion generally, but sports clothing and footwear are areas where internet shopping is becoming more important. Internet retailing is today a major part of the sportswear market. Research within a period of 12 months showed that 11% of consumers had bought some kind of sportswear online. When retailers expose many products online this allows consumers to compare prices and shop more easily. Branded products are directly comparable across stores, creating complete price- transparency for the consumer because they know they are comparing the price of the same products. Internet shopping can be negative for the retailer if they sell the same product more expensively than a competitor. It becomes a problem to keep the customer loyal which is why the retailer is also forced to offer exclusive lines to avoid head – to – head competition. In addition to offer good prices; not just through the Internet sales but also in the retailer. Internet shopping is getting vast and will continue to grow, this is important in a market where the customers are willing to invest money in outdoor clothing. The customer will enter a store and find a product they like, try it on, if they like the product they will go online to see if they can find the same product cheaper (Mintel A, 2006).

As mentioned above, different retailers have transactional websites and the internet has been an important part of F&T's, Ellis Brigham's and Cotswold's business. Internet transactional web pages can get the retailer to reach more customers and strengthen their market leading positions (Mintel, 2005). A higher proportion of men are Internet shoppers, and they also spend more on sports goods than women (Mintel, 2005).

4.8 Investment in Outdoor Clothing

It has been shown that hikers/ramblers are most likely not to spend much on sports goods. These people are also considered to be least likely to take part in different sports, and the equipment they use will not be of best quality (Mintel, 2007). This is quite surprising considering rambling/hiking is one of the most popular sports activities in Britain and people tend to participate on a regular basis. The quality and performance of specialist gear and equipment has advanced enormously in the last couple of decades, with high specification materials for clothes and footwear, and continually improved designs and features spilling into the equipment and accessories markets as well. Serious hikers often have more than one pair of boots, and likewise various sets of clothing depending on weather conditions. Even though hikers/ramblers are the ones that spend the least money, a high percentage of the hikers are middle-aged professionals or managers, with above average income levels; this means that they can be influenced to spend more. Examples of promotional actions might include more cross promotional activity with third parties like adventure holiday companies, walking clubs, or links with other retailers with a similar customer profile (Mintel, 2005)

Sportswear is desirable, but is seen as expensive. Some of the consumers see the clothing as fashionable, smart or desirable, while others see it as either practical or comfortable. The negative aspect is the majority of consumers think it is expensive and feel they do not get what they pay for, even though they like sports fashion. The main challenge would be to convince the consumers that the price is worth what they get back from their investment (Mintel A, 2006)

Sports clothing sold purely for sport, varies according to the target market. Research shows that when looking at the whole market, the percentage of consumers using the products for sports is probably only around a fifth of the purchases; this shows that the purchases are mostly oriented towards fashion and leisure. Outdoor retail managers say that, of the outdoor clothing they sell, 75% is worn in an outdoor environment, but it is not certain that it will be worn

in the intended setting. Someone might buy a mountaineering jacket but use it for walking (Mintel A, 2006).

Research shows that the consumers are more interested in buying from independent stores because there is a diversity of stock, the staff has better knowledge, and the after sales service is better. Independents and Outdoor retailers have a reputation of having a higher level of staff expertise and personalised service. The consumers who buy outdoor equipment from these types of retailers are more serious about their activity. The specialist retailer's nature enables them to offer better expertise and interest than local independent stores (Mintel, 2005).

4.9 Advertising and Promotion

The advertising and promotion within the outdoor activities are aimed at stimulating purchases of clothing and equipment rather than extending participation. Magazines oriented toward outdoor clothing and outdoor activities are used to promote different brands and retailers. Attendance at trade shows is still important (Mintel B, 2006).

4.10 Aging Population

The Sportswear's image is youth – oriented even though many of the customers are no longer young or fit. The number of people over 45 is expected to increase significantly in the next five years. Retailers' thoughts concerning this are mixed between those who think it will only harm other players in the market and those who believe their target audience would actually grow as a result of this (Mintel, 2007). Sporting activities like hiking, walking and rambling are among the sports activities that can expect to benefit from the greying UK population. The age group 45 – 64 is anticipated to be 15% larger in the year 2010. The climbing demographics show that the age group 15 – 34, where the age group in which climbing is most popular is expected to grow 12% over the next 10 years (Mintel B, 2006).

4.11 Market Trends

The current trends are lightweight clothing and equipment, and also related technologies such as odour – repellent clothing, anti bacterial fibres and non – grease fabrics. The latest products from Gore, includes Gore-Tex's Airvantage fabric which allows the consumers to control the degree of insulation their garment offers by inflating or deflating the air – chamber construction of its lining. The weather has a great impact on sales, regarding clothing and equipment. Poor weather has the most positive influence. Dry weather benefits the sale of items like camping equipment. But overall it is the waterproof clothing and footwear that carry the higher margins and are the most important for most retail businesses (Mintel B, 2006).

4.12 PESTEL (E+L)

4.12.1 Economic Factors

When exporting from Norway and into the UK, it is important to remember that these are two very different economies. Bootle (2008) says that the UK economy will now enter the weakest period of growth in 15 years. The author continues by saying that the household spending will fall and that UK's current account deficit is extremely low and that any correction would likely to be dramatic for the wider economy, incorporating a prolonged period of a very weak domestic growth. The economic review is only a premonition of what they believe will be the outcome for the economy the next few years. The author also says that the only possibility the UK has of enjoying a painless current account correction is *“if the export were to receive a significant boost from a sustained period of stronger domestic demand in the euro-zone”* (Bottle, 2008). Another possibility is a further fall in the pound (GBP). This is something that is already visible. Appendix 4 shows the fall of the British pound (GBP) compared to the EURO the last twelve months (BBC News A, 2008).

According to the British Chambers of Commerce (BCC), an article states that “the outlook for the UK economy has gotten worse and the Bank of England must act to stop a major downturn” (BBC News B, 2008). The article continues by saying that the current economic slowdown will be more prolonged than previously thought, and that the consumer spending will remain weak because of rising household bills and falling house prices. David Stern, an economic adviser at the BCC, states: *“The longer the Monetary Policy Committee waits now, the bigger the danger that the situation would deteriorate and the policy choices would become more difficult and more unpleasant later in the year”* This economic slowdown is said to extend at least the next 18 months. Today’s interest rate is on 5% (BBC News B, 2008).

4.12.2 Legal Factors

UK and Norway is a part of the European Economic Area (EEA) which gives Norway the right to participate in the Internal Market, while not assuming the full responsibilities of EU membership. The Agreement gives them the right to be consulted by the Commission during the formulation of Community legislation, but not the right to a voice in decision-making, which is reserved exclusively for Member States. All new Community legislation in areas covered by the EEA is integrated into the Agreement through an EEA Joint Committee decision and subsequently becomes part of the national legislation of the EEA EFTA States. The EEA Agreement is concerned principally with the four fundamental pillars of the Internal Market; free movement of goods, persons, services and capital (European Commission, 2007).

For Norrøna this legislation means that they are covered by Article 28, 29, 90EC and the free movement of goods, taxation is the same from Norway to the UK as it is from Norway to Sweden (Appendix 5).

Chapter 5 - Primary Research

When gathering primary research for the report we personally visited retailers and interviewed store manager, or other qualified personnel with great knowledge about the outdoor market. The retailers we chose to visit for our primary research were based on the findings in the secondary research. To make the research more valid we brought samples of Norrøna's products, and their spring/summer and fall/winter catalogues.

5.1 Primary research

The majority of the managers liked what they saw; most of them said that they liked the colours Norrøna used for their clothes. The bright and happy colours are a new up and coming trend in the UK, but also essential for survival in the mountains. The feedback when we showed them samples of Norrøna's collection were positive, because of the details, quality and technology. It is also important to mention that the decision makers are usually in the head offices. In the independent retailers it is the owner or the manager who makes the decision. Scandinavian brands have a good reputation in the UK, they represent quality. Brands like Haglöfs and HellyHansen are examples of this.

The average consumers served by the outdoor retailers we visited varied in age, gender etc. But there were some similarities; the consumers have an average age of about 30 +. About 60% male and 40% female, this varies from store to store, but the overall findings were the same.

We can separate the consumers into two groups: fashion and function, which we then can divide into price sensitive and non-price sensitive consumers, the functional users buy mountaineering products because they are actually interested in climbing and use the product as intended. And the customers within the fashion group buy products because of the brand, and the fashion value. Norrøna will be a new unknown brand in the British market, and the

potential consumers will probably buy the products because of the quality and recommendations. This is why Norrøna has to be established in a retailer that has the right competence. There are differences in the consumers' willingness to spend money. Overall the people seeking the outdoor stores with the top brands are willing to pay what is necessary to get the quality and technology products they are looking for. Norrøna's products have a high price, but most of the managers and owners rated the price of the product samples we brought to be about £ 250-300. The actual price was £299, so the overall agreement was not bad compared with the Norwegian price. The samples we brought was two "Falketind" mountaineering jackets with the prices of £ 299 and £259, and one ski jacket called "Lofoten" with a price of £435. The difference in price is because of the different fabrics and GoreTEX products used in the products.

The British market has a lot of brands for outdoor use, and it is not easy to establish a new brand on the market. So Norrøna needs the right entry strategy to promote the new brand, and decide what kind of image they want.

5.2 Norrøna should emphasize this when selecting retailer(s)

5.2.1 Location

It is important for Norrøna to be placed available for the consumers. They have to be in retailers that both reach the most attractive customers within mountaineering, skiing and/or other outdoor activities, and are located in the large cities.

It is also an advantage that the retailer has a good geographical location, this way Norrøna can be spread more easily all over the UK, but it is important that this is done in the right place to attract the right and wanted attention to the brand.

5.2.2 Presentation

Tidy and lucid are both important concepts for Norrøna to get noticed as a new brand in the British market. It is important that the retailers are able to sell the

products and that their products are visible. This makes more people aware of Norrøna and its products, increases sales numbers and attracts attention to the brand.

5.2.3 Employee's Competence

Since Norrøna is not established in the UK, it is important to use retailers that know quality and see Norrøna for the quality brand that they are. Employee's competence is essential and firsthand knowledge and background within; mountaineering, skiing and general outdoor activities are preferable.

5.2.4 Price Strategy

Norrøna's products are known to be expensive, mainly because of the high quality, fashion, function and design. They use GoreTEX technology as a main part of the fabric, this underlines quality. In addition, the rest of the development is carried out in Norway, a country with high expenditures. These features make the price higher than it would be compared to companies that have all their production and development in countries with lower costs.

5.2.5 Customer Stability

Norrøna seeks customers who know good quality, and are not price sensitive.

5.2.6 Product Range

Norrøna wants to get their products accepted by a specialist retailer. Preferably a store that specialises in climbing, skiing and outdoor wear in general, in this way Norrøna can compete with similar competitors within the same segment.

5.3 Retail Chains Visited

(Appendix 6)

5.3.1 Blacks

We visited four Blacks stores all over the UK, and gained a mixed impression.

Location

As mentioned, they have over 400 stores all over the UK; they cover both cities and tourist spots.

Presentation

The stores visited were extremely different in style. One of the stores visited was very tidy and lucid, but the general impression of the retailers did not reach Norrøna standards. The brands were less visible in the stores.

Employees

The competence of the employees varied. In Scotland the employees had the wanted experience, but for the most part they did not have the essential competence. Our main impression was that they sold mostly mainstream products, and the competence of the personnel reflected this.

Pricing Strategy

Most of the products they had in the stores were of lower quality than Norrøna, they had some mountaineering products, but the selection was small and the prices were lower than Norrøna's price range. And on this point, Norrøna cannot be on the average market. It is an exclusive product compared with Blacks range.

Consumer Stability

The consumer group is not the consumers Norrøna want to reach, many of those who shop at Blacks shop because of the price and the brand.

Product Range

They have different products within walking& hiking, camping and travel, which include known and unknown brands, but the most popular brands were TNF and Berghaus.

5.3.2 Ellis Brigham

Three Ellis Brigham stores were visited. Our main impression was that Ellis Brigham is a chain with great knowledge of what they are doing.

Location

The geographical spreading of the retailers is positive because they are spread all over the UK; Ellis Brigham is to be found both in the cities and near the tourist areas. They also have a store in Covent Garden, London. Covent Garden has become the Mecca for extreme sport enthusiasts, this is a big plus if Norrøna would like to establish themselves within this chain. They have retailers located in Scotland (four different retailers), England (nine different retailers) and one in Wales.

Presentation

Our impression of the Ellis Brigham retailers when it comes to the product display was mostly positive, but they have a large variety of different products, this can be confusing for some consumers because the stores have too much selection in clothing and brands. Norrøna would easily disappear in a store like this. It is important to remember that this does not occur in every store. Of the stores visited, two out of three stores were appropriate for Norrøna.

Employees

The employees had good competence and also experience from outdoor activities which showed the passion for what they do. Several of the employees checked the sample we brought and based on experience and firsthand knowledge stated that it was of good quality. They also said that this type of product was something they absolutely could sell in their store.

Pricing Strategy

After checking out the samples brought, the managers said they could easily sell the product at the price of £250-£300, where the actual price was £299.

Consumer Stability

The consumers at Ellis Brigham are both mainstream users (usually price sensitive customers) and professionals who use the products in extreme weather, and/or sports (non – price sensitive customers).

Product Range

Ellis Brigham supplies the most advanced products that are known to be some of the best products in the market at the moment. These are brands such as Arc`Teryx, Mountain Hardwear and TNF. We will come back to them competitor analysis in chapter 6 later in the report.

5.3.3 Cotswold

Three Cotswold stores around the UK were visited; our impression of the chain was disappointing.

Location

Cotswold has around 30 retailers in UK. Most of the stores are located more or less in the cities. They also have a retail store in the extreme sport Mecca; Covent Garden.

Presentation

The impression we have regarding tidy and lucidness in the retail stores is quite good. But the stores visited mixed the product categories in a confusing way. Ski- jackets, climbing- jackets and all around jackets were mixed with baby clothes and swimwear. The products disappeared because of this.

Employees

We were not satisfied with the employees in the visited retailers. They did not have the competence we were looking for. Often young people with only a part time job without the knowledge and experience needed.

Price Strategy

Cotswold has a strategy of low prices; this can be compared with other similar low price chains that are popular amongst price sensitive customers.

Consumer Stability

Mostly mainstream consumers, who seek the store based on price and convenience. This is a huge disadvantage for Norrøna, because that is not the target group they seek. They do have professionals that want quality, but this is not the average and main customer group.

Product Range

Cotswold has a wide product range within climbing, travelling, camping and walking.

5.3.4 F&T

We visited one F&T store in Covent Garden, London. The store did not meet the criteria.

Location

F&T has a number of retailers around the country, mostly centred near tourist areas. They have one store at Covent Garden in London, this is an advantage.

Presentation

The retailer we visited was small and full of clothing; it was not easy to separate the brands and the different intentions of product functions from each other.

Employees

The impression of the employees at F&T was very negative, we asked to see the mountaineering clothing, the employee showed a Haglöfs jacket that had nothing to do with mountaineering. This was also the most expensive jacket they had.

Price Strategy

They use a competitive price strategy; by this we mean that they promote sales and discounts more than the products.

Consumer Stability

The stores have a mixture of consumers, mostly low pro walkers and everyday users. This depends on the location, as mentioned earlier they are located near tourist areas and consumers purchasing on impulse will probably visit their store. The consumers are very price sensitive.

Product Range

The competitors that have been identified as the main competitors, (see chapter 6 competitor analyses), are missing in this retail chain. Some brands that are connected with quality are represented, but this is just the brand, not the type of clothing Norrøna have in their collection.

5.3.5 Tiso

We visited a couple of Tiso stores altogether; our main impression has been mainly good with qualified staff and great locations.

Location

Tiso retailers are mainly placed in the Scotland area, due to the climbing culture. They are both located at the popular tourist areas, and in the big cities.

Presentation:

Our impressions of Tiso's stores are positive; the stores appear tidy, complete and organized. They have well organized boutiques. They also have a large amount of brands, both high in quality, technique and price, and the other way around.

Employees

The employees showed good understanding of the products and the market trends.

Price Strategy

Tiso have a lot of customers who are looking for high quality, technical outdoor gear, as well as customers buying clothes more based on fashion and convenience. Even though some customers are not price sensitive, there are still a large number who are.

Customer Stability

Tiso have customers in all age groups, most of them are aged 30 to 50, and there are 60 % male, and 40% female. Most of them are locals, arranging adventures of different kinds, but there are also some tourists passing through and buying on impulse.

Product Range

Tiso have the largest brands and the most respected quality brands in their product list. Among them are Arc`Teryx, Mountain Hardwear and TNF, which will be analysed later in the report. But it is important to mention that Tiso also sell a lot of other different brands. Because of this, they have just a few samples of each brand. If a customer desires to get a wider spread of products within a brand, they have to search on their web-site. Good web-site but too many products to get a good overview.

5.3.6 Ultimate Outdoors

We visited two Ultimate Outdoors' stores; our main impression is good, with qualified staff and great locations.

Location

The stores are located near tourist areas. Each one is ideally located to serve one of the National Parks in England and Wales, either the Lake District, Yorkshire Dales or Snowdonia.

Presentation

The stores all appear tidy, complete and organized. They had several floors dedicated to each purpose. They also have a large amount of brands, both high-quality, - technique and - price, as well as having cheaper brands with less quality.

Employees

The employees are often people who also enjoy outdoor life, but may not be expert climbers or skiers, but have knowledge about the equipment and technological gear they sell. They are trained to know their products in every way possible.

Price Strategy

They have equipment and gear in a high price range, some few low priced impulse wear, but mostly expensive investment products.

Customers Stability

The customers of Ultimate Outdoors are from all ages, and both genders. Half the customers are concerned about function and quality, and the other half base their decision on fashion and brand. Almost all of Ultimate Outdoors customers are interested in outdoor sports, but are still price sensitive towards what they pay for a brand. Approximately 50% are regulars, and the other half are tourists passing through.

Product Range

They have a wide product range within climbing, skiing/snowboards, and other products for regular outdoor use.

5.3.7 S+R

Four S+R stores were visited, our impression was overall great. This is one of the leaders in the outdoor market; they operate as specialist within mountaineering, skiing and other outdoor activities.

Location

S+R has 15 stores spread all over England but a disadvantage is that they do not have stores in Scotland and Wales. Since the store at Covent Garden in London is in the extreme sport paradise other independent outdoor stores are placed next to S+R, this is a strategy shown to be effective to win customers. Example of this is for example Kensington and Manchester.

Presentation

The retailers visited gave a good impression; the stores were well organized and tidy with different areas for each activity. They had separate climbing zones and snow zones that made the stores very lucid. They had a wide product range, but the products did not disappear the way they tend to do when there are many different brands in one place. The stores were overall tidy and clean.

Employees

The employees at S+R made a good impression. The employees have exceptional expertise and knowledge about all of the products they sell. When we showed the Norrøna jacket we brought, they looked at the seams and the quality of the fabric before they gave us any feedback. They were positive about the product and thought the designs of Norrøna's product line were good (from the catalogue). The employees at S+R get paid more than average, the administration do this to raise the level of the personnel in the store, and the expertise. S+R hire only experienced mountaineers, skiers and outdoor enthusiasts.

S+R have experienced mountaineers who visit the retailers just to see if there are some new products. They have their own test team of employees and other more famous climbers and skiers who test the products in the right environment and this is well known among the customers. UK's most famous climber Neil Grisham is one of the celebrities who use S+R when buying equipment and garments.

S+R are also known for introducing new brands into the British market, examples of this are Direct Alpine, Spider and Ice Breaker, not long ago they also introduced the Norwegian brand "Kjus" into their stores. In addition to introducing new brands, they have a reputation of managing to make the brands bigger and giving them a larger market share and a good platform for further expansion in the market. S+R arrange a yearly trade show, this is a big opportunity for new products to be recognised and noticed. The trade show is mainly hold by S+R, but other retailers such as Ellis Brigham is also taking part in the show.

Within the last twenty-five years of existence, the team of staff has built a reputation for their enthusiasm and their product knowledge, and this makes them the number one choice for skiers and climbers in UK.

Pricing Strategy

They do not have a specific price strategy, this because of their non-price sensitive customers.

Consumer Stability

They have a regular customer base; many of the consumers are adventurers who go on trips almost every weekend. They also have customers who visit the retailer just to see if there are any new products available, or to help the store personnel testing the products. S+R have the right customer group for Norrøna.

Product Range

The brands they already have within mountaineering include the largest quality brands in the market, Arc`Teryx, Mountain Hardwear and TNF. They have a large product range, but only quality products that the personnel can recommend to the consumers.

5.4 Independent retailers visited

5.4.1 Relevant visited independent retailers

(Appendix 7)

In this section there will be an overview of the most relevant independent retailers. This includes LD Mountain Centre in Newcastle and George Fisher in Keswick.

Location

George Fisher has a location in a typically tourist area while LD Mountain Centre has a location in the city Newcastle.

Presentation

Tidy and lucid, overall very well organised. It was easy to manoeuvre as a customer to the right sections and products.

Employees

Both retailers had employees with a lot of competence and expertise about the different areas. They are trust worthy and the customers feel that they are well treated and feel that they get the right information and service as well as the right products.

Pricing Strategy

Quality over quantity is the most important.

Consumer Stability

They have non-price sensitive consumers who are loyal, active within the outdoor, B2B consumers as well as tourists seeking them because of their reputation.

Product Range

They have all of the well known quality brands, such as Arc`Teryx, Mountain Hardwear and TNF. When selecting new products and brands, the main focus is quality, and they need to be thorough in their decision.

5.4.2 Non-relevant independent retailers

Some of the visited retailers gave a bad impression which placed them under the same section as non-relevant independent retailers. These were Backcountry UK, Needle sports and Rathbones.

Location

Needle sport and Rathbones are both placed in Lake District which is a tourist area in Britain. The location of these two stores is inconvenient because they are not placed central but they make planned visits. Backcountry UK on the other hand was placed in Ilkley.

Presentation

Both Needle Sports and Rathbones were small, disorganised and the different products and brands were mixed together. Even though the stores were small they had a friendly environment. Backcountry UK had another image, even though they were small they were tidy and organised.

Employees

The retailers had employees with high involvement, passion and great knowledge about products; understanding the quality of the Norrøna products.

Pricing Strategy

The pricing strategy was a blend of high and low prices, where the quality depended on the price.

Consumer Stability

Both Needle Sports and Backcountry UK have regular customers, but Needle Sports also have great revenue from the internet sales. Rathbones on the other hand has a greater amount of impulse buyers.

Product Range

Needle Sports and Backcountry UK are specialists within the climbing segment, but Rathbones attracts more mainstream consumers because of their price ranges. The independent retailers have a smaller range of products mostly because of the store size.

5.5 Findings/Results from Visits

As showed in this chapter, the primary research involved depth interviews and general observation of different retailers spread all over the UK, the information and selection of the retailers were a result of the secondary research. The primary research gave results and the answers that were not answered in the secondary research. The store personnel interviewed were helpful and answered as well as they could. The quality of the stores visited

differed, but gave the answers required. To give an overview of the primary research and the different retailers Appendices 6 & 7 was made.

Chapter 6 – Overall Research

6.1 Internal Analysis of Norrøna

(Appendix 8)

6.1.1 Strengths

A company's strengths are found in its resources and capabilities that can be used as a basis for developing a competitive advantage.

Norrøna is an old company, in 2006 they had revenue of 15.8 million Euros, and this amount has increased every year as a trend. Norrøna's mission is to "*make the best product in our way*". Norrøna have the qualities of a family business with "*roots, innovation and passion*" to make their great and qualitative products. Norrøna say that quality is about experience, knowledge and continual improvement, therefore they have demanding testing programs for their products. The products, which are all designed and developed in Norway, all put emphasis on functionality, innovation, design and quality. The clothing is based on minimalist principles yet loaded with technical and functional details; you can say that the design is functional with only the necessary details. They also have their own test team consisting of extreme sport enthusiasts that constantly on the look for solutions that create new standards (Norrøna, 2008).

Norrøna is always seeking new challenges and product solutions, and they won't give up until they get an answer. They want to inspire and impress because they like satisfied consumers. This shows that Norrøna have an innovative way of thinking and that they fit their motto "*it is quality, not quantity that matters*". This also underlines the fact that Norrøna is a company that makes equipment for people who want to experience all that nature can offer. You can rely on Norrøna. If they make mistakes, they'll admit them, because they value openness. Internationally Norrøna is visible in the big

exhibitions as well as promotion in different events they increase their revenues as well (Norrøna Information, 2008).

Norrøna differentiate themselves with product colors, this makes the products fashionable as well as functional. They also use Gore- Tex in their products this is a quality factor, that heightens the value of the product (Norrøna Information, 2008).

Norrøna has been taking on the rugged Norwegian environment since 1929. They are inspired by the Norwegian environment with the object of being a company that doesn't harm the environment, including the suppliers. They seek to make products that do not harm the environment; have a long life time, are repairable, possible to recycle, and contains as pure materials as possible (Norrøna Information, 2008).

In an effort to protect the surroundings, they promise that if they do harm the environment they will have to tax themselves for the harm they do, 1% of the turnover will go to projects and organizations that work to save the environment. The company aims at doing as little harm as possible in all parts of the organization, and they motivate, inform and inspire others to do the same (Norrøna Information, 2008).

As we mentioned earlier, Norrøna is a family owned company and today's leader is the fourth generation Jørgensen who is CEO of the company. Norrøna have a hieratical leadership style with three people under the CEO: CFO, R&D Director, and Vice President. Norrøna have an informal tone within the company and respect each other and are team players, they inspire, coach and motivate each other, thus achieving good human relations within the company (Norrøna Information, 2008).

6.1.2 Weaknesses

The absence of certain strengths may be viewed as a weakness.

Although Norrøna is a company with long and strong traditions in Norway, it is within the past few years that they have started expanding and looking outside the borders of Norway. They are now developing relations with other

countries, as said earlier in the background they are already established in many countries. They are taking small steps to achieve their goals. And more and more revenue comes from their relations outside Norway (Norrøna, 2008).

As we can see from the expansion countries Norrøna has little international experience yet, and this is a weakness for them when expanding to the British market (Norrøna Information, 2008)

Another weakness of Norrøna is that their production is in China, This move is not uncommon in the industry, and in fact it is more the norm these days. But the “made in China” label does not have a quality image even though many of the factories in China are distinguished. The reputation of Chinese factories is bad because there are a lot of awful circumstances regarding child labor and abuse (Blodget, 2005).

6.2 External Analysis

(Appendix 8) The external environment may reveal certain new opportunities for profit and growth as well as threats. The external analysis is going to cover both opportunities and threats within the organization and business environment.

6.2.1 Opportunities

Norrøna has a lot of opportunities on the British market, and these are going to be covered in this section.

Organization

Entering the British market means that Norrøna might gain a larger market share. This is a big advantage for the small Norwegian company Norrøna, and also a part of the globalization process Norrøna has already started. They have entered nine other countries outside Norway and have some experience within the area of entering new markets.

According to primary research Scandinavian brands represented quality. The quality of Norrøna’s products is an advantage, opportunity and a way into the

market. Norrøna needs non-price sensitive consumers when choosing their product; they seek consumers who appreciate quality and want to invest in these products. They need to focus on innovative thinking and keep an update of new technology so that they will have the latest inventions and the best quality at all times.

Norrøna has attractive colours on their products, as some of our primary research showed; bright colours are on their way as a trend. This can give Norrøna an advantage compared to their competitors, which often use basic colours such as green, black, blue and brown. This makes the products fashionable as well as functional.

Business environment

The interest in extreme sports has increased according to the secondary research. The increase in activity means that there will be more consumers. Even though hikers/rambler are the customers that do not spend the most on outdoor clothing; they are middle – aged managers or professionals which shows that they have the money to invest; the challenge is to convince them to invest in quality products, which also makes them a threat.

The business environment is also affected by the internet sales and, as mentioned earlier in the secondary research, the consumers may try on clothing in the store and afterwards look on the Internet for a cheaper price of the same product. (Chapter 6, branding) Having a good website can help Norrøna increase the sales of products, not only through their future business partners in the British market but also through different internet sales.

6.2.2 Threats

Organization

In the British market there are many strong competitive brands, which make it hard for new companies. It is therefore crucial for Norrøna to get the right position and strategy from the very beginning.

Business environment

If Norrøna sell their products through the wrong retailer, price sensitive customers can be a threat. This can be because of the high price and the lack of knowledge about the quality of the products. Establishing the brand in a specialist store, with the right consumer group and without the price sensitive consumers, Norrøna will have a better starting point. When it comes to the customers, another threat can be the brand aware customers. These might be customers who only buy products of a particular brand. We will come back to this in the competitor analysis later in the report. Another threat might be as mentioned earlier; the already well – established brands.

6.3 Norrøna in the Five Forces

(Appendix 1) Identifying the industry that Norrøna will operate in.

6.3.1 Threat of rivalry

According to Mintel A (2006) the British outdoors clothing market has a large number of clothes brands and the number of brands has only increased over the last few years. This means that the outdoor clothes market is growing. There might be high profits for new companies when entering the British market, and domestic outdoors retailers, in order to increase their production. This has created a high level of rivalry as many brands compete for the same customers and resources. If Norrøna enter the British market they will also be a threat to other outdoor clothes brands. However, once this growth slows, Norrøna are likely to find them self in an overrepresented and saturated market with fierce competition.

6.3.2 Potential entrants

Threat of new entrants affects the competition as well. Because the market is growing, it makes it an attractive market for new entrants such as a brand like Norrøna. There is a high barrier to entry into a market with so many strong actors, which will make the competition for Norrøna fierce.

Norrøna can be characterised as operating at the “higher” end of the market, where the main focus is on quality and technical standards. The main fabrics

used and developed within this market are; Gore-Tex, Paclite and Windstopper, Polartec, Sympatex and Primaloft (Mintel, 2005). Access or lack of access to this kind of technology constitutes a competitive advantage for those who have it or a barrier to entry for those who don't have it.

Strong branding in the market is another barrier. According to Mintel B (2006) branded outdoor sportswear is important for participants to recognise as being reliable and trusted names within specialised or safety equipment. Designer labels remain highly popular with British consumers as leisure and fashion wear despite the fact that general retail outlets are increasingly diversifying into these areas. When brand loyalty is strong within an industry, it can be difficult and expensive to enter the market with a new product.

6.3.3 Substitutes

Demand for this industry is dependent on people doing outdoor and climbing activities. If the demand should fall, a threat exists to other activities or other services. In the current situation there are no threats from substitutes, as a result of the high and increasing participation and growing industry.

6.3.4 Buyers

Norrøna needs to differentiate themselves from other brands, and with the high level of competition which focuses on high-quality, technology and fashion; the buyers have a lot of choices and can easily switch to another brand. But if the brand has a strong and established name in the market, where there is a special demand for the brand, it will exert power over the buyer. This is because a strong brand works like a “magnet” and the retailer is claimed by the brand. Since Norrøna is not a well known brand on the British market, the buyer will have strong power over Norrøna. Norrøna faces a branding challenge if they are to succeed in the British market. By offering high-quality high-price goods, Norrøna needs to find out how to reach customers seeking these attributes and position themselves so that they become aware of Norrøna's brand. This includes being represented in the right retailers.

(Appendix 3) Larger retailers such as Blacks, S + R and Cotswold will tend to have more leverage with the company, and can negotiate lower prices. If a

company chose to sell the products in smaller independent retailers, the company supplying the product will have higher prices and higher margins. If a company sells to a few large buyers, those buyers will have significant leverage to negotiate better pricing. As shown in the table, Blacks is clearly the biggest retailer in the outdoor market. In 2004 they had 442 stores and a salary of £m 295, compared to the next big retailer; S + R who had only 11 stores and a salary of £m 28. This means that Blacks has a lot of power in the outdoor clothing market. Two of Norrøna's strongest competitors: TNF and Mountain Hardwear are represented in Blacks. The size of the retailer is however not the most important criteria for Norrøna. Of more importance is where Norrøna can reach the customers that they cater for. This would be costumers that recognize high quality and are not price sensitive.

6.3.5 Suppliers

In a pioneering industry where quality and product development is necessary, Norrøna need to be innovative to stay in competition with other brands. Norrøna is dependent on other company's "waterproof" technology, because they have not developed this technology on their own. They use Gore product such as Gore – Tex; these are well-known for being innovative and having an eminent reputation within outdoor use. Gore – Tex is a quality brand statement itself. As long as Norrøna can buy Gore's latest technology, Gore – Tex is not a threat to them. It is important to mention that Norrøna's price strategy depends on the Gore – Tex products, if Gore pushes the price of their technology upwards Norrøna will have to follow this price alteration on the finished products as well. How this affects Norrøna's competitive position depends on how their main competitors are affected by potential price increases from Gore.

6.4 Summary of Porters Five Forces

Norrøna is facing a market with high competition, and strong brand names. The market is characterised as many competitors and strong brand names. The competitors have therefore a stronger position in the market, but on the other

hand the market is growing and this is a good starting point for Norrøna to improve revenue in the market. Buyers will be considered to have a great power before Norrøna will be recognised and have established a good reputation.

6.5 Competitor Analyses

Kotler & Keller (2006) say that competition consists of all the potential rivalries and also the substitutes the consumer might consider.

6.5.1 Competition for Norrøna in the UK market

The British outdoor market has many strong and well established brands which Norrøna will be in competition with, if they chose to export. The market contains high standard products with quality, technology and fashion as their characteristics.

Through primary and secondary research, we found that Norrøna's competitors in the British market are: Mountain Equipment, TNF, Mountain Hardwear, Rab, Haglöfs, Berghaus, Arc'teryx, Lowe Alpine, Peter Storm and Merrell. Based on the primary and secondary research, the three main competitors are: TNF, Mountain Hardwear and Arc' Teryx.

6.5.2 Analysis of Norrøna's Main Competitors in the Marketing Mix

The competitors will be analysed and linked to the marketing mix, product, price, place and promotion (4"p"s).

6.5.2.1 TNF

TNF will be one of Norrøna's main competitors in the British market, mainly because of their large market share. TNF was established in 1968 in the US, and has now become a global brand.

According to Mintel A and B (2006), TNF has made both a significant and increasing impact on the British outdoor market. During the last 10 – 15 years they had a high level of growth, and announced record sales in Europe in 2004, with \$140.5 million, a 55% growth in revenues in the British market. In 2005

TNF won the CoolBrand award, after this achievement the UK marketing manager Keith Byrne commented: *“Our challenge now is to keep the brand cool whilst maintaining our integrity in the many outdoor fields in which we operate.”* This shows that TNF has a market share of both the functional and fashionable market. TNF’s success as regards being fashionable sets the focus away from their functional qualities.

Product

TNF has a wide collection of high performance outdoor products, skiwear, sleeping bags and tents. The equipment is specialized for climbers, mountaineers, hikers and wilderness use. TNF cooperate with innovative and leading engineers who are specialised in technically advanced fabrics, this way they develop clothing and equipment that meet high standards. TNF use world-class athletes to test their products, who use their experience to suggest and recommend new ideas inspired by their knowledge (The North Face, 2007).

Price

TNF has products with a wide price range. The products are adjusted to be worn in different outdoor environments. TNF covers both the mainstream market as well as the more specialized areas of use. They are less expensive than Norrøna, but the differences are not that significant.

Place

According to The North Face (2007), they have three retail stores in the UK (Manchester, Leeds and London), but their products are distributed throughout 396 retailers spread all over the UK. They are also placed in chains and specialist stores like: Blacks, Field and Trek, Ellis Brigham, Tiso, George Fisher, Cotswold and S+R.

Promotion

TNF’s slogan is *“Never Stop Exploring”*, which is their main message used in promotion. Celebrity endorsements are also used as a short cut to give the company’s brand the personality they want (see branding, chapter 3). TNF have

used celebrities like Madonna and Sarah Jessica Parker, and sponsored British athletes like Mick Fowler and Justine Curgenven as a part of their product development and advertising, as well as sponsoring expeditions (The North Face, 2007). According to Mintel A (2006) TNF's marketing is of high-quality which has made it easier to gain credibility from the general consumer.

6.5.2.2 Arc' Teryx

Arc'Teryx was founded in Canada in 1991, since then the company has gained international recognition within design, mountaineering, innovation and production of its technical Outdoor garments (0 – 21 Snowboarding, 2004).

Product

Arc'Teryx is one of the entrepreneurs within technical gear and clothing for climbing and skiing, their collection includes high-performance jackets, pants, shirts, sweaters, shorts, packs, climbing harnesses, etc. Arc' Teryx's products have won a lot of awards which shows that the brand has high quality (Arc' Teryx, 2008).

Innovation is the driving force for Arc'Teryx, which consistently sets new standards for technical fabrics and clothing creation. Their products support Gore technology (Arc'Teryx Outlet, 2006). Their website shows that the brand is known for producing and creating the lightest, best performance clothing and the highest quality products available (Arc,Teryx, 2008). Arc'Teryx pioneered in soft-shell and thermoformed technology, they developed the Watertight zipper, and created the no-slip Skaha buckle for rock-climbing (Wear Canada, 2007).

Arc'Teryx continues to raise the standards within the industry, by introducing advanced 'fit' and fabrics and by improve and develop new products (Wear Canada, 2007).

Price

As mentioned earlier, Arc' Teryx is a brand similar to Norrøna. Our findings during the primary research showed that Arc'Teryx's products are a bit more expensive than Norrøna's, this because of their exeptional product development and good reputation. Several of the retailers we visited had employees that were positive to Arc' Teryx's products, many of them were climbers and users of the products.

Place

They distribute their products through 62 retailers. The retailers are mainly in England and Scotland, and they use outdoor chains such as Cotswold Outdoors, Craidon Mountain Sports, Ellis Brigham, S+R, Tiso and Ultimate Outdoors, but also independent specialist retailers like LD Mountain center (Arc'teryx, 2008).

Promotion

Arc'Teryx sponsors a lot of arrangements, two examples are; The International Snow Science Workshop (Whistler, 2008) and Arc'Teryx Sunshine Village Race Ski Mountaineering Race Series (Ski Mountaineering Race Series, 2007).

6.5.2.3 Mountain Hardwear

Mountain Hardwear was founded in US in 1993, and has since then become a global brand. But the Mountain Hardwear team is still small, friendly and down-to-earth. Employees and representatives continue to share a passion for the outdoors along with a passion for making innovative, technologically advanced gear (Mountain Hardwear, 2008).

Product

Mountain Hardwear specializes in mountaineering, backpacking, climbing and snow sports. Because they invent and re – invent their clothing, they have become a big performer within the outdoor clothing market in the UK. They continue to challenge themselves to bring technical innovation to outdoor gear and to create detail-oriented design features that **anticipate** the users' needs. They combine innovation and attention to detail with superior product quality and a lifetime warranty that speaks for itself (Mountain Hardwear, 2008).

Mountain Hardwear has a development team, which consists of 20 hard core athletes who test each piece of gear. Mountain Hardwear strives to meet the athletes' standards, by making the necessary improvements and revolutionizing the functions of the gear. In their partnership with Gore, they have developed new technologies and patents within equipment and garments. Mountain Hardware is the most similar to Norrøna. Out of the three competitors defined; they are all similar in product and price within the mountaineering segment (Mountain Hardwear, 2008).

Mountain Hardwear has won numerous product and customer service awards since its inception (Mountain Hardwear, 2008).

Price

According to our primary research Mountain Hardwear is the brand most similar to Norrøna within price and products.

Place

The company distributes its products through specialist outdoor retailers and have their own sales representative in the UK, which makes it easier for them to have control (Mountain Hardwear, 2008) Mountain Hardwear also distributes their product to outdoor chains like Ellis Brigham, Tiso, Blacks, Field and Track, S+ R, Cotswold and Ultimate outdoors, as well as using independent retailers.

Promotion

Mountain Hardwear's motto is: *Mountain Hardwear-radical thinking- again and again*". They gain knowledge by sponsoring athletes that use Mountain Hardwear's products in their real-world challenges and experiences, this way they can continue to advance their technology and fabrics (Mountain Hardwear, 2008).

Mountain Hardwear sponsors Jake Meyer, who in 2005 became the youngest Brit to climb Mount Everest (Mintel B, 2006).

6.6 Summary and Conclusion

TNF, Arc'Teryx and Mountain Hardwear are all strong competitors for Norrøna in the outdoor and mountaineering segment.

During the competitors analysis several similarities between Norrøna and the three main competitors were spotted. The competitors mostly have the same type of quality, innovative design, technology and price as Norrøna. But there are some differences, so to gain a market share Norrøna needs to differentiate themselves as a strong and independent Norwegian brand.

TNF have the highest market share of the three; making them one of Norrøna's main competitors. Arc'Teryx and Mountain Hardwear distribute in smaller

numbers. TNF has more mainstream consumers which make Arc’Teryx and Mountain Hardwear more similar to Norrøna.

6.7 Norrøna’s branding on the British Market

6.7.1 Essence

The company is inspired by the Norwegian environment making it symbolize quality. It is important for Norrøna that the customers know the products are designed and developed in Norway. Even though Norrøna are innovative and bold, their values, integrity, and customers are of equal importance. Norrøna makes equipment for people who want to experience all that nature can offer. They value openness and criticism so that the customers can rely on them. The mentioned factors are areas that give Norrøna their own “Brand DNA” which will distinguish them from future competitors.

6.7.2 Image

Traditions are a significant part of their corporation. Even though they are becoming bigger internationally they are still hanging on to the typical Norwegian values, these factors are what Norrøna’s identify, image and essence is built upon. Having a culture where the employees respect each other is one of the core reasons why they accomplish the goals they set out to do. All of this makes it easier when they have both professionalism and team-playing as a heart of the company. Many well – known Norwegian climbers use Norrøna’s equipment, which states that the quality of the products is up to the tremendous task. Climbers do not take the risk of using equipment that is not of high quality.

6.7.3 Identity

Norrøna believe in being “*driven by the passion for nature*”, and that their products are cutting edge when it comes to functionality, innovation, design and quality. This contributes to showing how enterprising and experimental they are as a small family company. They have through their driven thinking, grown into becoming one of the largest and most popular brands in Norway.

By keeping the “core vs. more” this emphasize that quality is one of their main focus within their product strategy. Since Norrøna’s product strategy is based upon quality, design, long life span products, high quality service and repair deals and a guarantee that all their products have been tested, this gives the brand a unique identity (Information from Norrøna, 2008).

6.7.4 Value

Norrøna’s value is based upon roots, innovation and passion. Even though Norrøna are becoming bigger internationally they are still hanging on to the typical Norwegian values, which are also a part of Norrøna’s identify, and image and essence.

The values Norrøna should emphasize among the different countries must be the same as they have build in Norway. Successful brand are brands that have well – founded values implemented into the corporation, for Norrøna this will give them a greater chance of success.

6.7.5 Advertisement

According to the Buying Decision Process (ref buying decision process Chapter 3), Informational search, stage two, it is important for Norrøna to be attentive where consumers search for information about the market and products, this could be achieved through: personal, commercial, public or experimental. The primary and secondary research showed that a new brand like Norrøna would be beneficial using magazine commercials, advertisement, and well known British climbers through their brand recognition, and sales growth, since new customers need time to build up recognition and awareness towards a new brand. As mentioned in the secondary research, people that watch TV or use the Internet are usually the once not participating in many activities, Norrøna should therefore not use this kind of advertising, but instead concentrate the advertisement in magazines oriented toward outdoor activities.

6.7.6 Awareness

According to the buying decision process, stage three (evaluation of alternatives), A buyer considers to purchase an outdoor jacket would base his/her decision on; quality, technology, design, colour and price. Attributes

such as these, can give Norrøna strengths to create awareness among their consumers. For Norrøna to succeed as a new brand in the British market they need to do a superior job to be recognized and create awareness, this could be achieved within different areas such as: advertisement, celebrity endorsement and positioning

6.7.7 Internet

Norrøna's sales on the internet are beneath 5%, which confirms that they need to improve their transactional webpage. Through the primary research we found that British consumers owning Norrøna clothes either bought them from a retailer in the Alps, or through ordering on-line (Norrøna Information, 2008). As Norrøna plans to move in to the British market, they need to make sure their web-site is being up to date as well as easy and tidy for newcomers to get the interest they need to purchase on-line. The internet allows Norrøna to be available for the customers at all hours, which includes showing new products as well as offering information about service and repair.

6.7.8 Celebrity endorsement

Celebrity endorsement would be a great way for Norrøna to be recognised. The most appropriate celebrities Norrøna can use are athletes within outdoor sports; for instance a well known climber from the UK, such as Neil Grisham. This would be an excellent way to give the brand a personality. But this is only effective if the endorser is seen as a celebrity within the outdoor clothing market. Norrøna has used different celebrity endorsers through the years, sponsoring Lars Monsen and Marit Holm in 1995 with clothes and pack when crossing Alaska. They have also sponsored different climbing expeditions with clothes and equipment such as: Cecilie Skog when climbing Mount Everest, as the second woman accomplishing this (Norrøna, 2008).

6.8 Entry strategies

In deciding the appropriate mode of entry to foreign markets, companies must answer two questions:

- What level of resource commitment are they willing to make?
- What level of control over the operation do they desire?

Brouthers (1995, quoted in Bradley, 2002, p.10) say “These two questions can only be evaluated in the context of the risk that management believes it may encounter in the country being considered for entry”.

6.8.1 Export Entry Modes

- Indirect exporting – sales to foreign visitors in the domestic market.
- Direct exporting through a foreign agent or distributor
- Direct exporting through a sales subsidiary located abroad
- Contractual entry modes: licensing, franchising, technical agreements, service and management turnkey contracts, co-production agreements, contract manufacture.
- Investment entry modes; Joint ventures – used when resources are limited and knowledge dissipation risk is manageable.

“Entry mode depends on the ownership advantages of the company, location advantages of the market, and internalization advantages that result from integrating transactions within the company” (Daniels, Radebaugh & Sullivan, 2007, p. 455).

6.8.1.1 Indirect Exporting

As Doole & Lowe (2004) confirm; companies that have little preference or few resources for international marketing, the simplest and lowest cost method of market entry for them would be to have their products sold overseas by others.

6.8.1.1.1 Domestic Purchasing

Domestic purchasing could hardly be called an entry strategy; but it does provide the company with access and limited knowledge of the international market (Doole & Lowe, 2004).

6.8.1.1.2 An Export Management (EMC)

Export houses or export marketing companies are specialist companies set up to act as the export department for a range of companies. They can help small and medium-sized companies to initiate, develop and maintain their international sales. As well as taking orders from foreign buyers, they provide indirect access to international market information and contacts (Doole & Lowe, 2004).

6.8.1.1.3 Piggyback

In piggyback, an established international distribution network of one manufacturer might be used to carry the products of a second manufacturer. The second manufacturer is able to ride on the back of the existing reputation, contracts and administration of the carrier with little direct investment themselves (Doole & Lowe, 2004).

6.8.1.1.4 Trading Companies

Trading companies are a part of the historical legacy from the colonial days and although different in nature now, they are still important trading forces in Africa and Asia. The success of trading companies is the result of building long-term relationships over many years (Doole & Lowe, 2004).

6.8.1.2 Direct Exporting

As Doole & Lowe (2004) also emphasize; if a company wishes to secure a more permanent long- term place in international markets, it must become more proactive, through becoming directly involved in the process of exporting. This requires definite commitment from the company and takes the form of investments in the international operation through allocating time and resources to a number of supporting activities (Doole & Lowe, 2004).

6.8.1.2.1 Agents

(Buygrid model) Agents provide the most common form of low cost direct involvement in foreign markets and are independent individuals or a company which are contracted to act on behalf of exporters to obtain orders on a commission basis. Agents do not take ownership of the goods but work instead on commission. They represent a number of manufactures and will handle non-competitive ranges (Doole & Lowe, 2004).

6.8.1.2.2 Distributors

Distributors buy the product from the manufacturer and therefore have to take the market risk on unsold products and profit. For this reason, they usually expect to take a higher percentage to cover their costs and risk. Distributors usually seek exclusive rights for a specific sales territory and generally represent the manufacturer in all aspects of sales and servicing in that area (Doole & Lowe, 2004).

6.8.1.3 Contractual Entry Modes

6.8.1.3.1 Licensing

A licensing agreement; a company (the licensor) grants rights to intangible property to another company (the licensee) to use in a specified geographical area for a specific period. In exchange, the licensee ordinarily pays a royalty to the licensor. Licensing agreements may be exclusive or non exclusive and used for patents, copyrights, trademarks, and other intangible property. Licensing often has an economic motive, such as the desire for faster start-up, lower costs, or access to additional resources (Daniels, Radebaugh & Sullivan, 2007).

6.8.1.3.2 Franchising

As Daniels, Radebaugh & Sullivan (2007) say; franchising is a specialized form of licensing in which the franchisor not only sells an independent franchisee the use of the intangible property (usually a trademark) essential to the franchisee's business but also operationally assists the business on a continuing basis, such as through sales promotion and training (Daniels, Radebaugh & Sullivan, 2007).

6.8.1.3.3 Management Contracts

Management contracts are means by which a company may transfer such talent by using part of its management personnel to assist a foreign company for a specified period for a fee. The company may gain income with little capital outlay. Contracts usually cover three to five years, and fixed fees or fees based on volume rather than profits are most common (Daniels, Radebaugh & Sullivan, 2007).

6.8.1.3.4 Turnkey Operations

Turnkey operations are a type of collaborative arrangement in which one company contracts itself with another to build complete, ready- to- operate facilities. Companies building turnkey operations are frequently industrial- equipment manufacturers and construction companies (Daniels, Radebaugh & Sullivan, 2007).

6.8.1.3.5 Equity Alliances

An equity alliance is a collaborative arrangement in which at least one of the collaborating companies takes an ownership position (almost always minority) in the other(s). In some cases, each party takes an ownership, such as buying part of each other's shares or by swapping some shares with each other (Daniels, Radebaugh & Sullivan, 2007).

6.8.1.4 Investment entry modes

6.8.1.4.1 Joint Ventures

“Joint ventures are a type of ownership that is popular among international companies, in which more than one organization owns a company”.(Daniels, Radebaugh & Sullivan, 2007, p. 501).

6.8.1.4.2 FDI

Foreign direct investment is usually an international capital movement. Although most FDI requires some type of international capital movement, an investor may transfer many other types of assets. FDI eases the company's ability to pursue global strategies. Companies may want to operate through FDI to lessen the chance of developing competitors (Daniels, Radebaugh & Sullivan, 2007).

6.8.2 Export entry for Norrøna

After an evaluation of the different market entry strategies, primary research and Norrøna's earlier experience, we have come to the conclusion that export is the most relevant for Norrøna to use. There will therefore not be any description of the other entry strategies.

Norrøna is already in several different European countries outside Norway, in these countries their entry mode has been to sell their products through

specialists and through larger outdoor market retail chains. They have been successful earlier and have expressed the wishes of doing something similar when entering the British market. The big question around the entry strategy will be to find a partner in Britain. Is the best way to enter the British market by going in to the largest retail chains straight away, or go the more difficult way through specialist? We will try to answer this in the primary research that has been done. To connect theory with Norrøna and their wishes, the best market entry strategy would be one of the export entry modes (Norrøna Information, 2008).

Entering foreign markets through export is the easiest way of entering foreign markets because the risk and commitment are minimized. Export is ideal for companies which have few resources or where resource commitment is not recommended because of the risk, uncertainty or unattractive markets. It is also attractive when objectives include geographical expansion, increase sales and to lower the unit costs. Export is also a range of market entry modes (Bradley, 2002).

Chapter 7 – Recommendation

Thorough our primary and secondary research we found many interesting retailers for Norrøna to export to. We narrowed it down by analyzing and evaluating the different retailers. This way we came to a conclusion, which gave us some valid possibilities within some retailers. We based our recommendation on these findings, emphasizing on S+R being the best choice for Norrøna at point. And for the second step will be to export into Ellis Brigham, LD Mountain Centre and George Fisher.

There are many reasons why Norrøna should enter the British market through S+R. One of the reasons is that they have the largest revenue of the retail chains within the outdoor retailers in the UK after Blacks (Appendix 3). They are a specialist retailer with a good reputation among the customers that Norrøna should approach. S+R have the personnel with experience from outdoor life, often climbers/skiers themselves. The employees along with other known and experienced climbers/skiers test the products before selling them; this makes the competence of the employees amongst the best in the UK. The employees are passionate about the products and seem passionate about their work. Well known climbers buy products at S+R, and often visit the stores to see if there are any new products. They are also known for being innovative and introducing new unknown brands to the British market. S+R's previous experience with introducing unknown brands has shown that they can introduce a brand into the British market and make it successful. (I.e. Direct Alpine, Spider and Ice Breaker). This innovative thinking is an advantage for Norrøna as an unknown brand, and helps Norrøna's growth and attracts attention in the market.

Our impression of the customers is positive, after conducting the primary research we conclude that S+R has the right customer group for Norrøna (ref. primary research).

Compared to the other retailers that were visited, S+R distinguishes itself as being more competent and the only obvious choice as the first step for entering the British market.

The cons about entering only S+R could be that S+R gains too much power over Norrøna as the only suppliers of the brand. (Appendix 1) This way they are more able to push the price down to their level. Another con is that S+R are mainly centralized in the big cities; they are not spread in tourist areas and small cities. The disadvantage about this is that the consumers outside the cities have to seek the stores before vacations and trips. One more thing is that S+R don't cover all of the UK, they don't have any stores in Scotland. In the future it would be an idea for Norrøna to expand to the north as well. This way they widen their horizon and are more available to the British market.

We consider that Norrøna should use direct export when introducing their brand to the British market (ref Entry strategies). It is S+R's head office that makes the decision. They get information about the products through exhibitions and by the brands themselves. Usually, the brands establish contact directly with the head office. By following the Buygrid model (ref literature review) Norrøna should take contact with S+R and create a need for their products (ref stage 1 Buygrid). After establishing contact and a need within S+R, Norrøna should make this need wider and more obvious. This can be done by inviting S+R to trade shows, arrangements and giving them an introduction to their product line (ref stage 2-5 of Buygrid). When the information process is completed the last stage will be to negotiate the final contract (ref Buygrid stage 7). If Norrøna does not have the resources to fulfill this process, we recommend the use of an agent (ref entry strategies). Another essential aspect for Norrøna is the internet site. Our opinion as consumers is that the current web site is hard to explore and may appear disorganized to new customers. By having a full functional web site, Norrøna can take advantage of the customers who search the internet for information before making a purchase (ref decision making process stage 1). A good internet site will also give Norrøna new potential customers considering the internet sales are increasing, according to secondary research.

As shown in chapter 3, the buying decision process shows that Norrøna products involves high involvement from the consumer, and purchase often

depends on some of the following factors: brand, retailer, quality, timing and payment method.

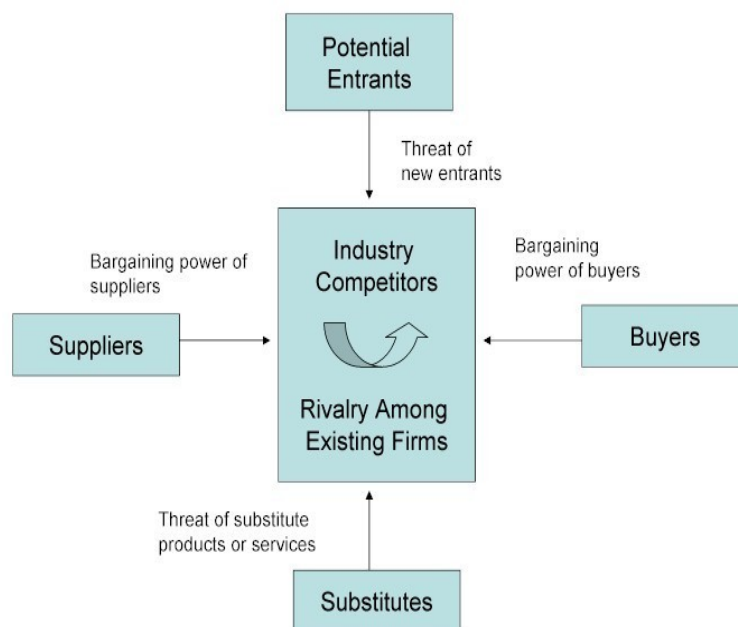
7.1 The next step

As we can see from the Appendices 6&7, there are also other opportunities for Norrøna in the future. A majority of the retailers were interested in Norrøna's products, and would consider selling their products. Ellis Brigham, LD Mountain Centre and George Fisher are great alternatives for Norrøna in the future. For Norrøna to widen their horizon, get an even larger market share and width, they need to expand. Our recommendation for step 2 would be to establish their products in Ellis Brigham as well as the two independent retail specialists mentioned above.

To expand internationally can be a risk, so to lower this risk we think Norrøna should start with S+R, see if the consumers accept the product and then consider further expansion from there.

Appendix 1

Porters Five Forces



Appendix 2

Successive Sets Involved in Consumer Decision Making

Total Set	Awareness Set	Consideration Set	Choice Set	Decision
Norrøna	Norrøna	Norrøna	Norrøna	?
TNF	TNF	TNF	TNF	
Arc' Teryx	Arc' Teryx	Arc' Teryx	Arc' Teryx	
Mountain Hardwear	Mountain Hardwear	Mountain Hardwear	Mountain Hardwear	
Haglöfs	Haglöfs	Rab		
Berghaus	Berghaus			
Mountain Equipment	Rab			
Lowe Alpine				
Rab				

(Kotler & Keller, 2006)

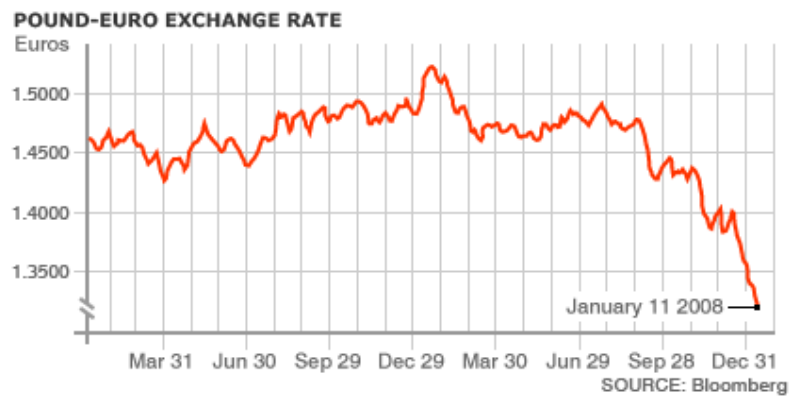
Appendix 3

Retailer (Parent/country of origin)	Operation(s)	No. of outlets	Sales (£m, excl. sales tax)
<i>Blacks</i>	Outdoor/board sports multiple	442	295
<i>Snow & Rock</i>	Outdoor sports multiple	11	28
<i>Cotswold</i>	Outdoor sports multiple	17	21
<i>Tiso</i>	Sports multiple	14	18
<i>Ellis Brigham</i>	Outdoor sports multiple	15	18
<i>Field & Trek</i>	Outdoor sports multiple	20	16

UK: Leading sports specialists, 2004 (Intel, 2005)

Appendix 4

The fall of the British pound (GBP) compared to the EURO the last twelve months.



Appendix 5

Article 90EC states:

“No member state shall impose, directly or indirectly, on the products of other Member states any internal taxation of any kind in excess of that imposed directly or indirectly on similar domestic products.

Furthermore, no Member State shall impose on the products of other Member States any internal taxation of such a nature as to afford indirect protection to other products.” (Steiner, Woods, Twigg-Flesner, 2006, p. 362)

Article 28 (ex 30) states:

“Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States” (EU Law, 2008).

Article 29 (ex 34) states:

“Quantitative restrictions on exports, and all measures having equivalent effect, shall be prohibited between Member States” (EU Law, 2008).

Appendix 6

Chains

	Blacks	Ellis Brigham	Cotswold	F&T	Tiso	Ultimate Outdoors	S+R
Qualifications of retailers							
Location	Yes	Yes	Yes	Yes	Yes	Yes/No	Yes
Presentation	No	Yes/No	Yes/No	No	Yes	Yes	Yes
Employees - competence	No	Yes	No	No	Yes	Yes/No	Yes
Pricing strategy	No	Yes	No	No	Yes/No	Yes/No	Yes
Customer Stability	No	Yes/No	No	No	Yes	Yes/no	Yes
Product Range	Yes/No	Yes/No	Yes/No	No	Yes/No	Yes	Yes

Appendix 7

Independent Retailers

	Ld Mountain Centre	George Fisher	Rathbones	Backcountry	Needle Sport
Qualifications of retailers					
Location	Yes	Yes/No	Yes	No	Yes
Presentation	Yes	Yes	No	Yes	No
Employees - competence	Yes/No	Yes/No	Yes	Yes	Yes/No
Pricing strategy	Yes	Yes	No	Yes/No	Yes
Customer Stability	Yes	Yes	No	Yes	Yes
Product Range	Yes/No	Yes	No	Yes/No	Yes

	Non-relevant independent retailers
	Relevant visited independent retailers

Appendix 8

SWOT Analysis

INTERNAL ANALYSIS

EXTERNAL ANALYSIS

<i>Strengths</i>	<i>Opportunities</i>
<ul style="list-style-type: none"> • Family owned company with traditions and roots in Norway • They have their own product testing team to make shure the products are the best quality • Well established in Norway • Fashion and functionality • Innovative thinking • Bright colours • Environmental friendly • Integrity 	<ul style="list-style-type: none"> • Larger market share • Globalization • Quality brand • Increase of interests for extreme sports • Visiblility throug colours • Internet • More customers
<i>Weaknesses</i>	<i>Threats</i>
<ul style="list-style-type: none"> • Small steps towards globalization • Small company • Little international experience • Production in China 	<ul style="list-style-type: none"> • Many strong competitors • Small company • Brand sensitive consumers • Well established competitors • Get wanted attention

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